

## Message Text

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ACTION ARA-14

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C O N F I D E N T I A L SAN JOSE 1844

E.O. 11652: GDS  
TAGS: PGOV, PINT, CS  
SUBJECT: VESCO CASE

REF: A) SAN JOSE 1244, B) SAN JOSE 1326, C) SAN JOSE 1798

1. SECOND COURT OF INSTRUCTION ISSUED TWO RULINGS ON VESCO  
24 APRIL. ONE GRANTS VESCO PERMISSION TO DEPART COSTA  
RICA EFFECTIVE IMMEDIATELY FOR PERIOD OF 75 DAYS. THIS  
DECISION RESPONDS TO REQUEST MADE 14 APRIL (REFTELS A&B); IT  
ALSO MAKES DEPARTURE CONTINGENT ON POSTING OF 300,000 COLONES  
(ABOUT 38,000 DOLLARS) BOND.

2. 25 APRIL DECISION REVERSED COURT'S PREVIOUS ORDER FOR  
VESCO'S PREVENTIVE ARREST AND FUTURE TRIAL IN IOS-RELATED,  
LOCALLY BROUGHT SECURITIES FRAUD CASE. ALSO, COURT-ORDERED  
EMBARGO OF INTER AMERICAN CAPITAL ASSETS HAS BEEN  
LIFTED. PRESS ACCOUNTS AND LOCAL LAWYERS SAY THAT COURT'S  
ACTION CAN BE APPEALED ONLY BY THE PUBLIC MINISTRY. SO  
FAR THERE IS NO INDICATION THAT MINISTRY PLANS SUCH  
AN APPEAL.

3. PARTS OF JUDGE'S RULING WERE PUBLISHED IN 25 APRIL  
PRENSA LIBRE. JUDGE CITES PRESENTATION OF NEW EVIDENCE  
FOR REVERSAL OF HIS DECISION, I.E., TESTIMONY OF OFFICIAL  
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LIQUIDATORS R.F. HENDRICKSON AND JOHN ORR, NAMED BY  
SUPREME COURTS OF BAHAMAS AND CANADA RESPECTIVELY, THAT  
"SIXTY MILLION DOLLARS TRANSFERRED TO INTER AMERICAN  
CAPITAL, SA DID NOT COME FROM FUNDS OR SHARES OF IOS,  
LTD."

4. JUDGE'S DECISION ALSO GOES INTO NATURE OF CHARGES

BROUGHT IN NINE COUNT JANUARY, 1976 INDICTMENT IN SOUTHERN DISTRICT OF NY AGAINST VESCO ET.AL. A KEY PARAGRAPH OF THIS DECISION READS:

"THE INDICTMENT DOES NOT ALLEGE ANY TYPE OF FRAUD THAT COMPARES TO THE CRIMES OF FRAUDULENT ADMINISTRATION AS CONTEMPLATED BY COSTA RICAN LEGISLATION, NOR DOES IT ADDUCE THAT SUCH ACTS WERE FRAUDULENT OR PREJUDICED ANY COMPANY MENTIONED OR ITS SHARE-HOLDERS OR THOSE IMPUTED TO HAVE RECEIVED SOME BENEFIT."

5. COMMENT: LAWYERS CONTACTED BY EMBASSY DIFFER AS TO WHETHER RECHNITZER'S CASE AGAINST VESCO IS OVER. THE LIMITING OF THE TIME VESCO CAN BE AWAY AND THE SETTING OF THE BAIL SEEM TO INDICATE THAT IT IS NOT. WHATEVER, THE JUDGE'S RULINGS REMOVE ALL LEGAL BARRIERS WHICH HERETOFORE PREVENTED VESCO FROM DEPARTING COSTA RICA LEGALLY. THE STRONG BETTING HERE IS THAT HE WILL LEAVE, PROBABLY VERY SOON, AND CERTAINLY BEFORE THE 8 MAY CHANGE OF GOVERNMENT. IT LOOKS AS IF SCENARIO II OF SAN JOSE 1546 MAY BE WHAT VESCO IS PLANNING. THE ADDITIONAL FEATURE IS THAT IF VESCO IS GRANTED COSTA RICAN CITIZENSHIP WHILE HE IS AWAY, THE CARAZO GOVERNMENT WILL NOT BE ABLE TO EXPEL CITIZEN VESCO WHEN HE RETURNS. IF CITIZENSHIP IS NOT GRANTED, AND VESCO EVENTUALLY RETURNS, HE RISKS EXPULSION. IF VESCO DOESN'T RETURN, THE GOVERNMENT IS 40,000 DOLLARS IN CONFIDENTIAL

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BAIL RICHER, AND THE CARAZO GOVERNMENT IS RID OF VESCO. MAYBE. WEISSMAN

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## Message Attributes

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